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SUBJECT: RWANDA 2007 SUBMISSION FOR TEXTILE AND APPAREL PRODUCTION

REF: STATE 114799

11. Post provides the following responses to reftel request for information on textile and apparel production in Rwanda.

12. Requested Information

-- Total industrial production in USD:

2006: USD 363 million.

2007 estimate: not available.

-- Total textiles and apparel production in USD:

2006: USD 6.5 million.

2007 estimate: USD 6.7 million.

-- Textile/apparel share of host country imports and exports:

2006 share of imports: approximately 8.2% of total imports (USD 35.9 million / USD 440.0 million).

2007 estimated share of imports: no estimate available for textile/apparel imports. Total imports estimated at USD 532.8 million.

2006 share of exports: approximately 4.5% of total exports (USD 6.5 million / 142.7 million USD).

2007 estimated share of exports: approximately 4.6% of total exports (USD 6.7 million / 146.2 million USD).

-- Exports in textiles and apparel to the U.S.:

2006: no exports recorded.

2007 estimate: 1 million USD.

-- Total manufacturing employment:

2006: estimated at 30,000.

2007: no estimate available (but total probably not significantly different).

-- Total textiles and total apparel employment:

2006: 1,200. The Ministry of Labor estimates that several hundred more are employed in the informal apparel sector. (Note: Rwanda has a single textile factory, UTEXRWA. It has yet to export under the African Growth and Opportunity Act (AGOA), but does export to Burundi and the eastern part of the Democratic Republic of Congo. End Note).

2007 estimate: 1,500.

13. Optional/If Applicable Information

-- Prices and international competition: Imported textiles and apparel from China has had a negative impact on UTEXRWA. Cheap apparel from China has also hurt importers of used clothing from the U.S., as Chinese imports are usually less expensive than the used clothing from the U.S.

-- U.S. and European Union restrictions on certain Chinese exports of textiles and apparel: these have not affected export prospects.

-- Safeguards: Rwanda has not implemented safeguards or other measures to reduce growth of imports of Chinese textile and apparel products.

-- Dislocated workers: Rwanda does not have policies or programs in place to deal with dislocated workers in the sector resulting from increased competition.

-- Increased global competition/labor costs. According to UTEXRWA officials, global competition, chiefly Chinese imports, does keep wages from rising, but has not produced loss of employment or reduction of wages.

-- Increased global competition/competitiveness: the Rwandan government (GOR) is addressing energy and transportation costs in an attempt to support the industrial sectors. The GOR has also enacted various tax and customs exemptions to facilitate investment in key industrial sectors.

-- AGOA/prospects for effective competition: AGOA has not yet had a significant impact on the textile industry in Rwanda. Rwanda's high energy and transportation costs make it extremely difficult for local manufacturers to be competitive exporting textiles and apparel. The U.S. Mission in Rwanda has identified high-end apparels such as silk and specialty products such as protective clothing and medical textiles as potentials and will continue to work with UTEXWA and the GOR to develop this industry.

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